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**PSC TO RESUME HEARING ON LG&E/KU RATE CASE;
PARTIAL SETTLEMENT TO BE PRESENTED**

FRANKFORT, Ky. (May 10, 2004) – The Kentucky Public Service Commission (PSC) will hold a public hearing on Wednesday, May 12, 2004 to receive information concerning a proposed agreement that would partially settle the cases involving rate increases requested by Louisville Gas & Electric Co. (LG&E) and Kentucky Utilities Co. (KU). The hearing is the continuation of one that began last week.

LG&E and KU are both subsidiaries of LG&E Energy LLC. LG&E has about 384,000 electric customers and nearly 312,000 natural gas customers in 16 counties in the Louisville area. KU serves about 477,000 customers in 77 Kentucky counties.

Negotiations between the utilities and 10 parties that intervened in the rate cases produced agreement on all issues except the amount by which LG&E and KU would be permitted to increase their electric rates. The partial settlement agreement must be approved by the PSC before it can take effect.

LG&E is requesting a rate increase that would add about \$7 per month to the average residential electric bill. The average KU residential customer would see a \$5 increase in the monthly bill under the KU request. The PSC held a hearing on the rate increases last week. The PSC's decision on the rate increases and the partial settlement agreement is expected by the end of June.

The hearing will resume at 9 a.m. in Hearing Room #1 at the PSC, 211 Sower Boulevard, Frankfort, 40602. Public comments may be submitted to the PSC by mail, fax (502 564-9625) or by e-mail via the PSC Web site, which is psc.ky.gov.

The case numbers are 2003-00433 (LG&E) and 2003-00434 (KU). Documents filed in the case may be accessed at the PSC Web site.

The PSC is an agency within the Environmental and Public Protection Cabinet that regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky. The PSC has approximately 115 employees.